


MEDICAID SERVICES MANUAL  
TRANSMITTAL LETTER

October 13, 2009

MEMORANDUM

TO: CUSTODIANS OF MEDICAID SERVICES MANUAL  
FROM:  JOHN A. LIVERATTI, CHIEF, COMPLIANCE  
SUBJECT: MEDICAID SERVICES MANUAL CHANGES  
CHAPTER 700 – RATES AND COST CONTAINMENT

BACKGROUND AND EXPLANATIONS

One definition is being added to the Medicaid Services Manual (MSM), Chapter 700 – Rates and Cost Containment. The addition clarifies and further defines the treatment of Capital Renovation/Remodeling Projects. The definition is consistent with the State Plan, Attachment 4.19-D, Page 5d.1. The clarification is needed as such projects may include expenditures that could be considered part of the Fair Rental Value in the rate setting process. The Pharmaceutical Definition heading is being removed. One paragraph that addresses inpatient hospital services is being removed from 703.2. Its inclusion in Chapter 700 is redundant because it is already found in the Introduction to Chapter 200 (page 1). Changes are effective upon approval of the public hearing.

MATERIAL TRANSMITTED

**MTL 30/09**

CHAPTER 700 – RATES AND COST  
CONTAINMENT

MATERIAL SUPERSEDED

**MTL 26/07, 19/09**

CHAPTER 700 – RATES AND COST  
CONTAINMENT

**Sec. 702**

Added new section and definition for “702.3 CAPITAL RENOVATIONS/REMODELING PROJECT - Capital Renovation/Remodeling Project [hereinafter “Project”] shall mean a series of activities and investments which materially (a) expand the capacity, (b) reduce the operating and maintenance costs or (c) ensure the operating efficiency and/or extend the useful economic life of a fixed asset. Said Project may involve new construction, reconstruction and/or renovation. Allowable costs include, but are not limited to the costs of land, buildings, machinery, fixtures, furniture

and equipment. Certain costs for repairs may be included but only when such costs are incidental to and necessitated by the Project. In no event shall costs for ordinary repairs and maintenance of an ongoing nature be included in a Project.

Pursuant to the Nevada State Plan for Medicaid, the cost of such Projects may include expenditures incurred over a period not to exceed twenty four (24) months. Further, in order to be considered as part of the Fair Rental Value rate setting process for a given facility in a given rate year, the sum of the costs for all Projects submitted for consideration must exceed \$1,000 per licensed bed.”

#### **Sec. 703.2**

Deleted “Inpatient services are a federally mandated Medicaid benefit. A hospital is an inpatient medical facility licensed as such to provide services at an acute level of care for diagnosis, care, and treatment of human illness primarily for patients with disorders other than mental diseases. For purposes of Medicaid, a hospital meets the requirements for participation in Medicare as a hospital and does not include an Institution for Mental Diseases, a Nursing Facility, or an Intermediate Care Facility for the Mentally Retarded, regardless of name or licensure.”

#### **Sec. 705.1**

Added “Medicaid Program”

Deleted “Eligibility Coverage & Limitations (Overview of Medicaid)”

Added “ies”

Deleted “Diagnostic Testing and”

Added “Prescribed Drugs”

Deleted “y Services”

Added “, Disposable Supplies and Supplements”

Deleted “Services”

Added “Program”

Deleted “Prescription Services (Rx)”

Added “Services”

Deleted “Durable Medical Equipment ( )”

Added “(COR)”

Added “Program Integrity”

Added “Program”

Deleted “(HHA) Services”

Deleted “(EPSDT)”

Deleted “(ICF/MR)”

Deleted “Services”

Deleted “(Recams)”

Deleted “Targeted”

Deleted “(TCM)”

Deleted “2900 Mental Health  
Rehabilitative Services”

Deleted “Services”

Deleted “Surveillance & Utilization  
Review”

Deleted “Aide”

Deleted “(PCA)”

Deleted “(MCO)”